



National Aeronautics and  
Space Administration  
Washington, DC 20546

# Procurement Notice

**PN 97-64**  
**August 9, 2001**

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## **INVESTIGATIONS OF SUSPECTED FORCED OR INDENTURED CHILD LABOR AND PROPERTY REPORTING REQUIREMENTS**

### ***PURPOSE:***

***ITEM I*** - To specify NASA's procedure for referring investigations of those suspected of using forced or indentured child labor under FAR Subpart 22.15.

***ITEM II*** - To comply with existing Federal accounting standards and OMB rules on Form and Content of agency financial statements and make other changes to NASA's property reporting requirements.

### ***BACKGROUND:***

***ITEM I*** - The FAR provides that agencies should specify whether investigations under FAR 22.1503(e) should be referred to the Inspector General, the Attorney General, or the Secretary of the Treasury. This PN provides that all such investigations shall be referred to NASA's Inspector General.

***ITEM II*** - The OMB Bulletin on Form and Content of Agency Financial Statements prescribes financial accounting and reporting requirements for Federal agencies. Included are accounting standards which apply to property, plant and equipment. PN 97-55 amended the NFS to comply with these requirements. Specific changes included in PN 97-55 were: additional instructions on how to adjust previously reported values; a new definition of Agency Peculiar Property to exclude completed end items destined for permanent operation in space; and a new definition of Work in Process to include completed end items destined for permanent operation in space which otherwise meet the definition of Agency Peculiar Property. This PN makes further revisions to Subpart 1845.71 to clarify 1018 reporting requirements and responsible organizations. The Financial Reporting of NASA Property in the Custody of Contractors clause, 1852.245-73, has been amended to reduce the number of copies of the 1018 submitted and address use of the NASA Form (NF) 1018 Electronic Submission System (NESS) (see also PIC 01-18).

***REGULATION:*** Changes are made in Parts 1822, 1845, and 1852 as set forth in the enclosed replacement pages.

**REPLACEMENT PAGES:** You may use the enclosed pages to replace Part 1822, 45:13, 45:14, 45:15, 45:16, 45:17, 45:18, 52:81, 52:82, 52-97 and 52-98 of the NFS.

**REGULATORY COMPLIANCE:** This PN was published as a final rule in the Federal Register (66 FR 41804 - 41806, August 9, 2001).

**EFFECTIVE DATE:** This PN is effective as dated, and shall remain in effect until canceled or superseded.

**HEADQUARTERS CONTACTS:** Paul Brundage (Indentured Child Labor), Code HK, (202) 358-0481, email: pbrundage@hq.nasa.gov; Lou Becker (Property Reporting), Code HK, (202) 358-4593, email: lbecker@hq.nasa.gov.

R. Scott Thompson  
Director, Contract Management Division

Enclosures

**PART 1822**  
**APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS**

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## PART 1822

### APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS

#### **1822.000-70 Scope of part.**

(a) Contracting officers shall consult with the installation labor relations advisor or designee when taking any of the actions prescribed or authorized in FAR Part 22 or NFS Part 1822.

(b) Proposed actions having a substantial impact on the activities of NASA or other Government agencies shall be approved by the Headquarters Contractor Industrial Relations Office (Code JLR).

#### **Subpart 1822.1--Basic Labor Policies**

#### **1822.101 Labor relations.**

##### **1822.101-1 General.**

(d) When a strike that may have an adverse effect on NASA programs is imminent or in progress at a prime contractor's or subcontractor's plant, contracting officers shall:

(i) Advise both the prime contractor and the head of the union local in writing of the expected impact of the strike on NASA programs and of the actions NASA is considering to protect the Government's interest and prevent delay in the accomplishment of NASA's mission. If the strike is in a subcontractor's plant, the subcontractor may be approached only through the prime contractor;

(ii) Explore the possibility of locating other sources for the supplies or services to have been provided by the strike-threatened plant; and

(iii) Consider taking the actions described in FAR 22.101-4.

(e) Programs or requirements that result in contracts in excess of the simplified acquisition threshold shall require contractors to notify NASA of actual or potential labor disputes that are delaying or threaten to delay timely contract performance.

**1822.101-3 Reporting labor disputes.**

Reports of potential or actual labor disputes affecting NASA acquisitions, operations, or services shall be submitted to the Headquarters Contractor Industrial Relations Office (Code JLR). These reports shall be made as early as possible and shall include immediately available information. Supplemental reports shall be made to provide appropriate additional information. Reports shall describe at a minimum:

- (1) The nature of the potential or actual dispute, including whether a strike, lockout, slow-down, shut-down, or picketing is involved and the degree of emergency presented;
- (2) The character, quantity, and importance of the supplies, operations, or services involved, including scheduled performance and delivery dates and their relationship to the total acquisition program;
- (3) The identity and location of the parties to the dispute and their representatives, including the approximate number of employees involved;
- (4) The need for and availability of alternative resources to furnish the items involved within the time required;
- (5) Any critical items that should be removed from the plant or work site or should continue to be processed there with the consent of the parties to the dispute; and
- (6) Recommended action to be taken by NASA.

**1822.101-4 Removal of items from contractors' facilities affected by work stoppages.**

(a) (3) The contracting officer shall obtain approval from Code JLR for any contemplated action.

**1822.101-70 Admission of labor representatives to contract sites.**

NASA activities may not prevent the access of labor union representatives to contract sites for the conduct of union business if their activities are compatible with safety and security regulations and performance of the contract work involved.

**1822.103 Overtime.**

**1822.103-4 Approvals.**

(a) The contracting officer is authorized to approve overtime premiums at Government expense. If two or more contracting offices have current contracts at a single facility and approval of overtime by one will affect the performance or cost of contracts of another, the approving official shall obtain the concurrence of other appropriate approving officials and seek agreement as to the contracts under which premiums will be approved. In the absence of evidence to the contrary, a contracting officer may rely on the contractor's statement that approval will not affect performance or payments under any contract of another contracting office.

**1822.103-5 Contract clauses.**

(a) See 1822.101-1(e).

**Subpart 1822.3--Contract Work Hours and Safety Standards Act****1822.302 Liquidated damages and overtime pay.**

(c) The Director of the Headquarters Contractor Industrial Relations Office (Code JLR) is the agency head designee.

(d) Disposal of funds withheld or collected for liquidated damages shall be in accordance with direction of the Director of Code JLR.

**Subpart 1822.4--Labor Standards for Contracts Involving Construction****1822.400-70 Contacts with the Department of Labor.**

All contacts with the Department of Labor required by FAR Subpart 22.4, except for wage determinations, shall be conducted through the Headquarters Contractor Industrial Relations Office (Code JLR). Contracting officers shall submit all pertinent information to Code JLR in support of Code JLR for contacts. For wage determinations, contracting officers shall submit all requests directly to Goddard Space Flight Center, Contractor Industrial Relations Office - GSFC, Code 201, Greenbelt, Maryland 20771 (GSFC).

**1822.404-3 Procedures for requesting wage determinations.**

Contracting officers shall submit requests for project wage determinations to GSFC at least 55 days (70 days if possible) before issuing the solicitation.

**1822.406-8 Investigations.**

(a) The contracting officer is responsible for conducting investigations of labor violations relative to contracts under their cognizance.

(d) Reports of violations shall be sent to Code JLR.

**1822.406-9 Withholding from or suspension of contract payments.**

(c) (4) Code JLR shall determine the disposal of funds.

**1822.406-13 Semiannual enforcement reports.**

Procurement officers shall submit semiannual enforcement data within 20 days after the end of the specified reporting periods to the Headquarters Office of Procurement (Code HK). Negative statements are required.

**Subpart 1822.6--Walsh-Healey Public Contracts Act****1822.604 Exemptions.****1822.604-2 Regulatory exemptions.**

(b) Requests for exemptions shall be submitted in writing through the contracting officer to the Headquarters Contractor Industrial Relations Office (Code JLR).

**Subpart 1822.8--Equal Employment Opportunity****1822.804 Affirmative action programs.**

**1822.804-2 Construction.**

(b) The Headquarters Office of Procurement (Code HK) will furnish each procurement officer the listing.

**1822.807 Exemptions.**

Requests for exemption pursuant to FAR 22.807(a)(1), (a)(2), or (b)(5) shall be sent to the Headquarters Office of Procurement (Code HS).

**1822.810 Solicitation provisions and contract clauses.**

(e) If an offeror completes a negative representation under FAR 52.222-22, the contracting officer shall obtain the information required by FAR 52.222-26(b)(7) within 30 days of contract award. This information shall be held in confidence as privileged information in accordance with 32 CFR 286.6(b)(4).

**Subpart 1822.10--Service Contract Act of 1965****1822.1001 Definitions.**

"Agency labor advisor" is the Director of the Headquarters Contractor Industrial Relations Office (Code JLR). All contacts with other agencies required by FAR Subpart 22.10 shall be conducted through Code JLR. Contracting officers shall submit all pertinent information to Code JLR in support of the required contacts.

**1822.1008 Procedures for preparing and submitting Notice (SF 98/98a).****1822.1008-270 Additional information for the preparation of SF 98/98a.**

The information listed below by item number shall be furnished, in addition to that required by the SF 98/98a:

(a) **Item 6.** Insert on the far left side of the block the code identifying the type of proposed action:

<b>Code</b>	<b>Proposed Action</b>
<b>I</b>	New contract (use <u>only</u> when services are not presently being performed).
<b>II</b>	Recompetition of services.
<b>III</b>	Contract modifications affecting the scope of the work.
<b>IV</b>	Extension of contract performance through exercise of an option or otherwise.
<b>V</b>	Other. When a multiple year contract (funding is not subject to annual appropriation) is to be entered into, specify "multiple year R&D funded" on the SF 98.

**(b) Item 8.**

(1) If the proposed contract will be awarded under Section 8(a) of the Small Business Act, insert both the Small Business Administration and the name of the subcontractor.

(2) If no wage determination is available for the particular contract, insert "None" in Item 8.b.

(c) **Item 10.** Add the solicitation number.

(d) **Item 12.**

(1) When entering into a new service contract, list all classes of work expected to be performed under the contract under this item, regardless of whether the class of employees is considered professional, executive, administrative, or hourly. However, if submission of the SF 98/98a is in connection with any action other than a new contract (Code I in paragraph (a) of this subsection), list only the classes of work that the incumbent indicates are "nonexempt."

(2) When classifications include both categories of employees covered by a collective bargaining agreement and those not represented by a union, mark the classifications that are unionized with an asterisk.

(3) If the classification of work is not known, use the most descriptive job title available for the work to be performed under the contract.

(e) **Item 13.** If the number of employees is not known, the estimated hours required to perform the tasks should be indicated so that staffing estimates can be determined and listed.

(f) **Item 14.** Include in this item the wage rates that would be paid if the employees were subject to 5 U.S.C. 5332 (GS grades).

#### **1822.1008-7 Required time of submission of notice.**

(a) Contracting officers shall submit the notices to Goddard Space Flight Center, Contract Industrial Relations Office - GSFC, Code 201, Greenbelt, Maryland 20771 (GSFC) at least 70 days before initiating the associated contract actions.

(b) When the circumstances in FAR 22.1008-7(b) apply, contracting officers shall submit the required notices to GSFC at least 40 days before initiating the associated contract actions.

(c) Contracting officers shall contact GSFC before initiating any action when the circumstances in FAR 22.1008-7(c) and (d) apply.

### **Subpart 1822.13--Disabled Veterans and Veterans of the Vietnam ERA**

#### **1822.1303 Waivers.**

(c) Requests for waivers shall be submitted to the Associate Administrator for Equal Opportunity Programs (Code E).

#### **1822.1306 Complaint procedures.**

Contracting officers shall submit all complaints to the Associate Administrator for Equal Opportunity Programs (Code E).

### **Subpart 1822.14--Employment of Workers with Disabilities**

#### **1822.1403 Waivers.**

(c) Requests for waivers shall be submitted to the Associate Administrator for Equal Opportunity Programs (Code E).

#### **1822.1406 Complaint procedures**

Contracting officers shall submit all complaints to the Associate Administrator for Equal Opportunity Programs (Code E).

~~**Subpart 1822.15--Prohibition of Acquisition of Products Produced by Forced or Indentured Child Labor**~~

~~**1822.1503 Procedures for acquiring end products on the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor.**~~

~~—(e) All investigations under FAR Subpart 22.15 shall be referred to NASA's Office of Inspector General.~~

**Subpart 1822.15--Prohibition of Acquisition of Products Produced by Forced or Indentured Child Labor**

**1822.1503 Procedures for acquiring end products on the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor.**

—(e) All investigations under FAR Subpart 22.15 shall be referred to NASA's Office of Inspector General.

**1845.615 Accounting for contractor inventory.**

A copy of Standard Form 1424, Inventory Disposal Report, shall be provided to the center industrial property officer or the PDO.

**Subpart 1845.70--Reserved****Subpart 1845.71--Forms Preparation****~~1845.7101 Instructions for preparing NASA Form 1018.~~**

~~—NASA must account for and report assets in accordance with 31 U.S.C. 3512 and 31 U.S.C. 3515, Federal Accounting Standards, and Office of Management and Budget (OMB) instructions. Since contractors maintain NASA's official records for its assets in their possession, NASA must obtain annual data from those records to meet these requirements. Changes in Federal Accounting Standards and OMB reporting requirements may occur from year to year, requiring contractor submission of supplemental information with the NASA Form (NF) 1018. Contractors shall retain documentation that supports data reported on NF 1018 in accordance with FAR subpart 4.7, Contractor Records Retention. Classifications of property, related costs to be reported, and other reporting requirements are discussed in this subpart. NASA Form 1018 (see 1853.3) provides critical information for NASA financial statements and property management. Accuracy and timeliness of the report are very important. If errors are discovered on NF 1018 after submission, the contractor shall contact the cognizant NASA Center Industrial Property Officer (IPO) to discuss corrective action. IPO's shall work with NASA Center finance personnel to determine appropriate corrective action and provide guidance to contractors.~~

**1845.7101 Instructions for preparing NASA Form 1018.**

NASA must account for and report assets in accordance with 31 U.S.C. 3512 and 31 U.S.C. 3515, Federal Accounting Standards, and Office of Management and Budget (OMB) instructions. Since contractors maintain NASA's official records for its assets in their possession, NASA must obtain annual data from those records to meet these requirements. Changes in Federal Accounting Standards and OMB reporting requirements may occur from year to year, requiring contractor submission of supplemental information with the NASA Form (NF) 1018. Contractors shall retain documentation that supports data reported on NF 1018 in accordance with FAR subpart 4.7, Contractor Records Retention. Classifications of property, related costs to be reported, and other reporting requirements are discussed in this subpart. NASA Form 1018 (see 1853.3) provides critical information for NASA financial statements and property management. Accuracy and timeliness of the report are very important. If errors are discovered on NF 1018 after submission, the contractor shall contact the cognizant NASA Center Industrial Property Officer (IPO) to discuss corrective action. IPO's shall work with NASA Center finance personnel to determine appropriate corrective action and provide guidance to contractors.

**1845.7101-1 Property classification.**

(a) *General.* Contractors shall report costs in the classifications on NF 1018, as described in this section.

(b) *Land.* Includes costs of land and improvements to land. Contractors shall report land with a unit acquisition cost of \$100,000 or more.

(c) *Buildings*. Includes costs of buildings, improvements to buildings, and fixed equipment required for the operation of a building which is permanently attached to and a part of the building and cannot be removed without cutting into the walls, ceilings, or floors. Contractors shall report buildings with a unit acquisition cost of \$100,000 or more. Examples of fixed equipment required for functioning of a building include plumbing, heating and lighting equipment, elevators, central air conditioning systems, and built-in safes and vaults.

(d) *Other Structures and Facilities*. Includes costs of acquisitions and improvements of real property (i.e. structures and facilities other than buildings); for example, airfield pavements, harbor and port facilities, power production facilities and distribution systems, reclamation and irrigation facilities, flood control and navigation aids, utility systems (heating, sewage, water and electrical) when they serve several buildings or structures, communication systems, traffic aids, roads and bridges, railroads, monuments and memorials, and nonstructural improvements such as sidewalks, parking areas, and fences. Contractors shall report other structures and facilities with a unit acquisition cost of \$100,000 or more and a useful life of two years or more.

(e) *Leasehold improvements*. Includes NASA-funded costs of improvements to leased buildings, structures, and facilities, as well as easements and right-of-way, where NASA is the lessee or the cost is charged to a NASA contract. Contractors shall report leasehold improvements with a unit acquisition cost of \$100,000 or more and a useful life of two years or more.

(f) *Construction in Progress*. Includes costs of work in process for the construction of Buildings, Other Structures and Facilities, and Leasehold Improvements to which NASA has title, regardless of value.

(g) *Equipment*. Includes costs of commercially available personal property capable of stand-alone use in manufacturing supplies, performing services, or any general or administrative purpose (for example, machine tools, furniture, vehicles, computers, software, test equipment, including their accessory or auxiliary items). Contractors shall separately report:

(1) the amount for all items with a unit acquisition cost of \$100,000 or more and a useful life of two years or more; and

(2) All other items.

(h) *Special Tooling*. Includes costs of equipment and manufacturing aids (and their components and replacements) of such a specialized nature that, without substantial modification or alteration, their use is limited to development or production of particular supplies or parts, or performance of particular services. Examples include jigs, dies, fixtures, molds, patterns, taps and gauges. Contractors shall separately report:

(1) the amount for all items with a unit acquisition cost of \$100,000 or more and a useful life of two years or more; and

(2) All other items.

(i) *Special Test Equipment*. Includes costs of equipment used to accomplish special purpose testing in performing a contract, and items or assemblies of equipment. Contractors shall separately report:

(1) the amount for all items with a unit acquisition cost of \$100,000 or more and a useful life of two years or more; and

(2) All other items.

(j) *Material*. Includes costs of NASA-owned property held in inventory that may become a part of an end item or be expended in performing a contract. Examples include raw and processed material, parts, assemblies, small tools and supplies. Material that is part of work-in-process is

not included. Contractors shall report the amount for all Materials in inventory, regardless of unit acquisition cost.

(k) *Agency-Peculiar Property*. Includes costs of completed items, systems and subsystems, spare parts and components unique to NASA aeronautical and space programs. Examples include research aircraft, reusable space vehicles, ground support equipment, prototypes, and mock-ups. The amount of property, title to which vests in NASA as a result of progress payments to fixed price subcontractors, shall be included to reflect the pro rata cost of undelivered agency-peculiar property. Completed end items which otherwise meet the definition of Agency-Peculiar Property, but are destined for permanent operation in space, such as satellites and space probes, shall be reported as Contract Work in Process. Contractors shall separately report:

- (1) the amount for all items with a unit acquisition cost of \$100,000 or more and a useful life of two years or more; and
- (2) All other items.

(l) *Contract Work-in-Process*. Includes costs of all work-in-process regardless of value; excludes costs of completed items reported in other categories. Includes completed end items of property which otherwise meet the definition of Agency-Peculiar Property, but are destined for permanent operation in space, such as satellites and space probes.

#### **1845.7101-2 Transfers of property.**

A transfer is a change in accountability between and among prime contracts, NASA Centers, and other Government agencies (e.g., between contracts of the same NASA Center, contracts of different NASA Centers, a contract of one NASA Center to another, a NASA Center to a contract of another NASA Center, and a contract to another Government agency or its contract). To enable NASA to properly control and account for transfers, they shall be adequately documented. Therefore, procurement, property, and financial organizations at NASA Centers must effect all transfers of accountability, although physical shipment and receipt of property may be made directly by contractors. The procedures described in this section shall be followed to provide an administrative and audit trail, even if property is physically shipped directly from one contractor to another. Property shipped between September 1 and September 30, inclusively, shall be accounted for and reported by the shipping contractor, regardless of the method of shipment, unless written evidence of receipt at destination has been received. Repairables provided under fixed price repair contracts that include the clause at 1852.245-72, Liability for Government Property Furnished for Repair or Other Services, remain accountable to the cognizant NASA Center and are not reportable on NF 1018; repairables provided under a cost-reimbursement contract, however, are accountable to the contractor and reportable on NF 1018. All materials provided to conduct repairs are reportable, regardless of contract type.

(a) *Approval and Notification*. The contractor must obtain approval of the contracting officer or designee for transfers of property before shipment. Each shipping document must contain contract numbers, shipping references, property classifications in which the items are recorded (including Federal Supply Classification group (FSC) codes for equipment), unit acquisition costs (as defined in 1845.7101-3, Unit Acquisition Cost), original acquisition dates for items with a unit acquisition cost of \$100,000 or more and a useful life of two years or more, and any other appropriate identifying or descriptive data. Where the DD Form 250, Material Inspection

and Receiving Report, is used, the FSC code will be part of the national stock number (NSN) entered in Block 16 or, if the NSN is not provided, the FSC alone shall be shown in Block 16. The original acquisition date shall be shown in Block 23, by item. Other formats, such as the DD Form 1149, Requisition and Invoice/Shipping Document, should be clearly annotated with the required information. Unit acquisition costs shall be obtained from records maintained pursuant to FAR Part 45 and this Part 1845, or, for uncompleted items where property records have not yet been established, from such other record systems as are appropriate such as manufacturing or engineering records used for work control and billing purposes. Shipping contractors shall furnish a copy of the shipping document to the cognizant property administrator. Shipping and receiving contractors shall promptly notify the financial management office of the NASA Center responsible for their respective contracts when accountability for NASA property is transferred to, or received from, other contracts, contractors, NASA Centers, or Government agencies. Copies of shipping or receiving documents will suffice as notification in most instances.

(b) *Reclassification.* If property is transferred to another contract or contractor, the receiving contractor shall record the property in the same property classification and amount appearing on the shipping document. For example, when a contractor receives an item from another contractor that is identified on the shipping document as equipment, but that the recipient intends to incorporate into special test equipment, the recipient shall first record the item in the equipment account and subsequently reclassify it as special test equipment. Reclassification of equipment, special tooling, special test equipment, or agency-peculiar property requires prior approval of the contracting officer or a designee.

(c) *Incomplete documentation.* If contractors receive transfer documents having insufficient detail to properly record the transfer (e.g., omission of property classification, FSC, unit acquisition cost, acquisition date, etc.) they shall request the omitted data directly from the shipping contractor or through the property administrator as provided in FAR 45.505-2. ~~The contracting officer shall assist the Government Property Administrator and the receiving contractor to obtain all required information for the receiving contractor to establish adequate property records.~~  
contracting officer shall assist the Government Property Administrator and the receiving contractor to obtain all required information for the receiving contractor to establish adequate property records.

### **1845.7101-3 Unit acquisition cost.**

(a) The unit acquisition cost shall include all costs incurred to bring the property to a form and location suitable for its intended use. The following is representative of the types of costs that shall be included, when applicable:

- (1) Amounts paid to vendors or other contractors.
- (2) Transportation charges to the point of initial use.
- (3) Handling and storage charges.
- (4) Labor and other direct or indirect production costs (for assets produced or constructed).
- (5) Engineering, architectural, and other outside services for designs, plans, specifications, and surveys.
- (6) Acquisition and preparation costs of buildings and other facilities.
- (7) An appropriate share of the cost of the equipment and facilities used in construction work.

(8) Fixed equipment and related installation costs required for activities in a building or facility.

(9) Direct costs of inspection, supervision, and administration of construction contracts and construction work.

(10) Legal and recording fees and damage claims.

(11) Fair values of facilities and equipment donated to the Government.

(b) Acquisition cost shall include, where appropriate, for contractor acquired Special Test Equipment, Special Tooling, Agency-Peculiar Property and Contract Work-In-Process, related fees, or a pro rata portion of fees, paid by NASA to the contractor. Situations where inclusion of fees in the acquisition cost would be appropriate are those in which the contractor designs, develops, fabricates or purchases property for NASA and part of the fees paid to the contractor by NASA are related to that effort.

(c) The use of weighted average methodologies is acceptable for valuation of Material.

(d) Contractors shall report unit acquisition costs using records that are part of the prescribed property or financial control system as provided in this section. Fabrication costs shall be based on approved systems or procedures and include all direct and indirect costs of fabrication.

(e) Only modifications that improve an item's capacity or extend its useful life two years or more and that cost \$100,000 or more shall be reported on the NF 1018 on the \$100,000 & Over line. The costs of any other modifications, excluding routine maintenance, will be reported on the Under \$100,000 line. If an item's original unit acquisition cost is less than \$100,000, but a single subsequent modification costs \$100,000 or more, that modification only will be reported as an item \$100,000 or more on subsequent NF 1018s. The original acquisition cost of the item will continue to be included in the under \$100,000 total. The quantity for the modified item will remain "1" and be reported with the original acquisition cost of the item. If an item's acquisition cost is reduced by removal of components so that its remaining acquisition cost is under \$100,000, it shall be reported as under \$100,000.

(f) The computation of work in process shall include all direct and indirect costs of fabrication, including associated systems, subsystems, and spare parts and components furnished or acquired and charged to work in process pending incorporation into a finished item. These types of items make up what is sometimes called production inventory and include programmed extra units to cover replacement during the fabrication process (production spares). Also included are deliverable items on which the contractor or a subcontractor has begun work, and materials issued from inventory. Work in Process shall include the unit acquisition cost of completed end items of property which otherwise meet the definition of Agency-Peculiar Property, but which are destined for permanent operation in space, such as satellites and space probes.

#### **1845.7101-4 Types of deletions from contractor property records.**

Contractors shall report the types of deletions from contract property records as described in this section.

(a) *Lost, Damaged or Destroyed.* Deletion amounts that result from relief from responsibility under FAR 45.503 granted during the reporting period.

(b) *Transferred in Place.* Deletion amounts that result from transfer of property to a follow-on prime contract or other prime contract with the same contractor.

(c) *Transferred to NASA Center Accountability.* Deletion amounts that result from transfer of accountability to the NASA Center responsible for the contract, whether or not items are physically moved.

(d) *Transferred to Another NASA Center.* Deletion amounts that result from transfer of accountability to a NASA Center other than the one responsible for the contract, whether or not items are physically moved.

(e) *Transferred to Another Government Agency.* Deletion amounts that result from transfer of property to another Government agency.

(f) *Purchased at Cost/Returned for Credit.* Deletion amounts that result from contractor purchase or retention of contractor acquired property as provided in FAR 45.605-1, or from contractor returns to suppliers under FAR 45.605-2.

(g) *Disposed of Through Plant Clearance Process.* Deletions other than transfers within the Federal Government, e.g., donations to eligible recipients, sold at less than cost, or abandoned/directed destruction.

(h) *Other.* Types of deletion other than those reported in paragraph (a) through (g) of this section such as those resulting from reclassifications (e.g. from equipment to agency-peculiar property).

#### **1845.7101-5 Contractor's privileged financial and business information.**

If a transfer of property between contractors involves disclosing costs of a proprietary nature, the contractor shall furnish unit acquisition costs only on copies of shipping documents sent to the shipping and receiving NASA Centers.

#### **1845.7102 Instructions for preparing DD Form 1419.**

(a) The contractor shall enter the essential information covering Sections I and II before submission of DD Form 1419, DOD Industrial Plant Equipment Requisition, to the Industrial Property Officer (IPO). The IPO shall review each submission for completeness and authenticity. Incomplete or invalid requests shall be returned for correction.

(b) When a suitable item is allocated in Section IV, inspection of the equipment is recommended. Notification of acceptance or rejection of the item offered must reach NASA within 30 days after allocation. A copy of the DD Form 1419, or equivalent format, will serve as the clearance document to inspect the equipment at the storage site. Note acceptance or rejection of the item, without inspection or after inspection in Section VI. If the item is acceptable, execute Section VII. Cite the NASA appropriation symbol where applicable in Section VII.

(c) The IPO shall assign a requisition number to each DD Form 1419, or equivalent format request.

(d) Next will be a four-digit entry comprised of the last digit of the current calendar year and the Julian date of the year. For example, April 15, 1997, would be written as 7095 (April 15 being the 95th day of the year). The last entry will be a four-digit number from 0001 to 9999 to sequentially number requisition forms prepared on the same date. For example, the ninth requisition prepared on April 15, 1997, would be 7095-0009, preceded by the FEDSTRIP/MILSTRIP Activity Address Code. When submitting subsequent DD Forms 1419, or equivalent format, related to the item requested, the IPO shall use the same requisition number and add the alpha code to the end of the requisition number to indicate a second or third action on the basic request. Alpha "A" would indicate a second request, "B" a third, etc. In this

manner, all actions, correspondence, etc., relative to a given request can be identified at all levels of processing by the use of the requisition number.

(e) Detailed directions for completing the DD Form 1419 follow. The contractor may elect to provide the required data in an equivalent format, which complies with these directions.

## **Section I**

**Item Description.** To ensure adequate screening, the item description must be complete. For single-purpose equipment or general-purpose equipment with special features, requests must contain detailed descriptive data as to size and capacities, setting forth special operating features or particular operations required to be performed by the item.

**Block 1.** Not applicable.

**Block 2.** Enter the manufacturer's name and Federal Supply Code for manufacturer (Cataloging Handbook H4-1) of the item requested.

**Block 3.** Enter the manufacturer's model, style, or catalog number assigned to the equipment being requisitioned. Always use the model number, if available. The style number is the next preference. Enter "None" in this block if the model, style or catalog number is not known.

**Block 4.** Enter the first four digits of the National Stock Number, if known.

**Block 5.** Not applicable.

**Block 6.** Self-explanatory.

(a) This clause shall govern with respect to any Government property furnished to the Contractor for repair or other services that is to be returned to the Government. Such property, hereinafter referred to as "Government property furnished for servicing," shall not be subject to any clause of this contract entitled Government-Furnished Property or Government Property.

(b) The official accountable recordkeeping and financial control and reporting of the property subject to this clause shall be retained by the Government. The Contractor shall maintain adequate records and procedures to ensure that the Government property furnished for servicing can be readily accounted for and identified at all times while in its custody or possession or in the custody or possession of any subcontractor.

(c) The Contractor shall be liable for any loss or destruction of or damage to the Government property furnished for servicing (1) caused by the Contractor's failure to exercise such care and diligence as a reasonable prudent owner of similar property would exercise under similar circumstances, or (2) sustained while the property is being worked upon and directly resulting from that work, including, but not limited to, any repairing, adjusting, inspecting, servicing, or maintenance operation. The Contractor shall not be liable for loss or destruction of or damage to Government property furnished for servicing resulting from any other cause except to the extent that the loss, destruction, or damage is covered by insurance (including self-insurance funds or reserves).

(d) In addition to any insurance (including self-insurance funds or reserves) carried by the Contractor and in effect on the date of this contract affording protection in whole or in part against loss or destruction of or damage to such Government property furnished for servicing, the amount and coverage of which the Contractor agrees to maintain, the Contractor further agrees to obtain any additional insurance covering such loss, destruction, or damage that the Contracting Officer may from time to time require. The requirements for this additional insurance shall be effected under the procedures established by the FAR 52.243 changes clause of this contract.

(e) The Contractor shall hold the Government harmless and shall indemnify the Government against all claims for injury to persons or damage to property of the Contractor or others arising from the Contractor's possession or use of the Government property furnished for servicing or arising from the presence of that property on the Contractor's premises or property.

**(End of clause)**

### **1852.245-73 Financial Reporting of NASA Property in the Custody of Contractors.**

As prescribed in 1845.106-70(d), insert the following clause:

#### **FINANCIAL REPORTING OF NASA PROPERTY IN THE CUSTODY OF CONTRACTORS**

**(AUGUST 2001)**

(a) The Contractor shall submit annually a NASA Form (NF) 1018, NASA Property in the Custody of Contractors, in accordance with the provisions of 1845.505-14, the instructions on the form, subpart 1845.71, and any supplemental instructions for the current reporting period issued by NASA.

(b)(1) Subcontractor use of NF 1018 is not required by this clause; however, the Contractor shall include data on property in the possession of subcontractors in the annual NF 1018.

(2) The Contractor shall mail the original signed NF 1018 directly to the cognizant NASA Center Deputy Chief Financial Officer, Finance, unless the Contractor uses the NF 1018 Electronic Submission System (NESS) for report preparation and submission.

(3) One copy shall be submitted (through the Department of Defense (DOD) Property Administrator if contract administration has been delegated to DOD) to the following address: [Insert name and address of appropriate NASA Center office.], unless the Contractor uses the NF 1018 Electronic Submission System (NESS) for report preparation and submission.

(c) The annual reporting period shall be from October 1 of each year through September 30 of the following year. The report shall be submitted in time to be received by October 31. The information contained in these reports is entered into the NASA accounting system to reflect current asset values for agency financial statement purposes. Therefore, it is essential that required reports be received no later than October 31. The Contracting Officer may, in NASA's interest, withhold payment until a reserve not exceeding \$25,000 or 5 percent of the amount of the contract, whichever is less, has been set aside, if the Contractor fails to submit annual NF 1018 reports in accordance with 1845.505-14 and any supplemental instructions for the current reporting period issued by NASA. Such reserve shall be withheld until the Contracting Officer has determined that the required reports have been received by NASA. The withholding of any amount or the subsequent payment thereof shall not be construed as a waiver of any Government right.

(d) A final report shall be submitted within 30 days after disposition of all property subject to reporting when the contract performance period is complete in accordance with (b)(1) through (3) of this clause.

**(End of clause)**

**1852.245-74 Contractor Accountable On-Site Government Property.**

As prescribed in 1845.106-70(e), insert the following clause:

**CONTRACTOR ACCOUNTABLE ON-SITE GOVERNMENT PROPERTY  
(MARCH 1989)**

(a) In performance of work under this contract, certain Government property identified in the contract shall be provided to the Contractor on a no-charge-for-use basis by the installation's Supply and Equipment Management Officer. That property shall be utilized in the performance of this contract at the installation that provided the property or at such other installations or locations as may be specified elsewhere in this contract. The Contractor assumes accountability and user responsibilities for the property.

(b) Government property provided shall in every respect be subject to the provisions of the FAR 52.245 Government property clause of this contract. In addition, the contractor is responsible for managing this property in accordance with the guidelines provided by the installation's Supply and Equipment Management Officer or any other formally designated representatives of the Contracting Officer. The guidelines include but are not limited to requiring the Contractor to--

- (1) Use economic order quantity (EOQ) methods for routine stock replenishment;
- (2) Utilize the Federal Cataloging System;
- (3) Comply with shelf-life requirements;
- (4) Provide for accountability and control (using the NASA Equipment Management System (NEMS)) of all equipment costing \$1000 and over, plus that equipment designated as "sensitive";
- (5) Provide for physical inventory of all controlled equipment at least every 3 years;
- (6) Provide for sample inventories of materials plus complete inventories every 5 years;